


Strategic Plan

2005-2009



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Vision

VISION

Any individual who takes steps to minimize the chance of financial loss should be able to purchase quality insurance at a reasonable cost and receive fair and equitable treatment by the insurance industry.

Mission

MISSION

The mission of the Missouri Department of Insurance is to promote the public interest, encourage competitive insurance markets and protect consumers from unfair and unequitable treatment through regulation of the state's insurance industry.

Values

VALUES

Recognize and support the contributions of insurance in providing the security necessary to build healthy families, stable neighborhoods and a prosperous economy

Protect and advocate on behalf of consumers

Promote fair and open competition among the insurance industry

Enforce the laws and regulations of Missouri fairly and effectively

Rely on competition for assuring availability of insurance products at reasonable prices and on reasonable terms

Provide transparency in serving the public and insurance industry

Promote the highest standards of ethics, suitability and accountability

Create and support a diverse workforce

Appreciate each employee's contribution to the department

Protect

Protect consumers by ensuring the financial health of insurance companies and stopping unfair and inequitable insurance practices

Outcome 1

Ensure the financial health of insurance companies through timely analysis and examination

Objectives

1. Maintain at 100% the percentage of annual financial filings analyzed and reviewed by June 30 of each year
2. Maintain at 100% the percentage of quarterly financial filings reviewed within 60 days
3. Maintain at 100% the percentage of level 1 (highest priority) companies that have a financial exam initiated within 60 days of the annual statement filing
4. Maintain at 100% the percentage of level 1(highest priority) and level 2 (high priority) companies that have a financial examination at least every three years
5. Increase from 93% to 95% the percentage of companies on normal monitoring

Why these objectives are important

The department conducts financial examinations of domestic (Missouri-based) insurance companies and analyzes the financial condition of all companies licensed to sell insurance in Missouri. The department tries to prevent insolvencies of domestic companies and takes appropriate action against financially unsound companies to protect policyholders and taxpayers. Analysis and review of the industry's quarterly and annual financial filings must be timely to be effective. The department has set objectives in these areas, so these filings can be reviewed and acted on quickly in order to prevent any insolvency issues. These objectives correspond to the National Association of Insurance Commissioners (NAIC) accreditation standards.

Strategies to meet the objectives

- Review internal processes and workflow to eliminate unnecessary components annually
- Review and update filing checklists used by industry on various filings annually
- Review and update Web site information used by industry quarterly

- Issue bulletins, as necessary, to advise insurers of regulation or statute changes
- Continue to review tracking systems and processing time for all regulatory filings
- Continue to review all statutes and regulations concerning filing requirements and make recommendations for necessary changes
- Continue to pursue ways to better utilize electronic communications and capabilities to assist consumers and industry
- Support legislation that addresses the importance of medical liability reform, including support for a strict cap of \$250,000 on noneconomic damages for each medical malpractice lawsuit

Factors influencing the results

- Staff vacancies
- Late filings by insurance companies

How the department is doing

Currently, the department analyzes all annual financial filings by June 30, and quarterly financial statements are reviewed within 60 days. A financial exam is initiated with all level 1 companies within 60 days and all level 1 and 2 companies have examinations within three years. 93 % of these companies are under normal monitoring.

Key sections

Financial Analysis Section
Financial Examination Section

Outcome 2

Stop unfair and inequitable insurance practices by promptly responding to consumer complaints, performing timely investigations of producers, seeking enforcement orders against violators and educating consumers on insurance products.

Objective

1. Increase from 90.93% to 92% the percentage of consumer complaints concluded or referred for market conduct action within 60 days or less
2. Increase from 70.59% to 75% the percentage of insurance producer investigations completed and referred for enforcement or concluded within 120 days or less
3. Initiate 90% of disciplinary or other enforcement actions against insurers and producers/agent within 30 days of request by market conduct examiners or investigators

Why these objectives are important

The department has the authority to move quickly to stop unfair or fraudulent practices in the business of insurance, and if the department is slow to respond, these practices continue to detrimentally impact an ever-increasing number of consumers. Swift law enforcement also deters other violators and allows the market to work, resulting in lower prices and better service for consumers. Consumers contact the department wanting answers to their questions and complaints. Consumers lose both financially and emotionally when premiums are inappropriately charged, claims are not paid, or policies are not renewed. The department is committed to answering questions and resolving complaints in a thorough and timely manner and has set objectives that reflect this commitment.

Strategies to meet the objectives

- Organize Consumer Services Representatives into Life and Health and Property and Casualty specialists
- Continue ongoing file reviews with investigators each month to move files to a decision on discipline or disposition in a timely manner
- Communicate with consumers and companies by using e-mail whenever possible
- Provide timely information to a consumer on complaints when the department does not have jurisdiction over the complaint issue
- Aggressively pursue discipline or other enforcement action against insurers, producers or consumers violating the state's insurance laws

- Support legislative initiatives proposed by the Governor that protect consumers against unfair and unequitable insurance practices. For example, support the initiative for continuity of obstetric care, ensuring women are able to access prenatal and obstetric care from the same doctor during the entire course of their pregnancy, even if their employer-provided benefit plans change.
- Establish and maintain contacts with other state and federal agencies on specific issues arising in complaints, such as issues affecting seniors, title insurance agency operations and practices of licensees in variable product markets
- Refer cases to the appropriate law enforcement or regulatory agency in a timely manner

Factors influencing the results

- Complexity of the complaint
- Responsiveness of the insurance company
- Amount of contact needed with local law enforcement
- Staff vacancies

How the department is doing

Currently, the department handles 80% of complaints against insurers in 60 days or less. Historically 60-65% of agent investigations are handled to closure within 120 days of receipt. Procedures for handling a complaint against an insurance company are different from those involving insurance agents. Agent investigations may involve other law enforcement officials and coordination may slow completion of the investigation. Subpoenas, hearings, and other legal procedures increase the time spent on investigations.

Key Sections

Consumer Services Section
Investigations Section
Legal Section

Objective

4. Increase the number of educational and outreach opportunities for consumers

Why this objective is important

Ensuring Missourians have access to affordable health insurance is important in creating healthy, productive and financially stable communities. In addition to having affordable insurance, consumers must also be educated about the products they are purchasing. The department believes the greatest asset of any consumer protection program is an informed consumer.

An outreach and education program designed to assist consumers in making informed purchasing decisions and to assist producers in performing proper procedures under the law is crucial to increasing consumer protection. The department has set objectives to increase the amount of consumers reached through department outreach and educational services.

Strategies to meet the objective

- Continue to work with other agencies and private entities to promote the department's education initiatives
- Support legislative initiatives proposed by the Governor that increase the accessibility and availability of affordable health insurance. For example, support allowing small businesses to pool together to purchase health insurance for their employees
- Develop other targeted educational programs and materials for distribution based on identified needs (e.g. Medicare, flood/earthquake insurance, suitability)
- Evaluate and update information available to consumers on the department's Web site
- Attend educator conferences and industry trade shows to disseminate educational information and resources

Factors influencing the results

- Responsiveness of the insurance companies
- Attendance at educational events/trade shows
- Number of individuals accessing the department's Web site
- Number of teachers using provided material in their classrooms

How the department is doing

The department does not have a mechanism to measure how informed a consumer is on insurance issues but has started tracking the number of consumers reached by the department through outreach and education services. Targeted consumer education initiatives including brochures and Web site information are being tracked and will be used in an effort to increase consumer education and awareness on specific issues.

Key sections

Consumer Services Section
Director's Office
Life and Health Section
Managed Care Section
Property and Casualty Section

Encourage

Encourage competitive insurance markets by reducing the cost and time spent by insurance businesses to comply with regulatory programs and increasing the use of electronic processing and storage of insurance information

Outcome 1

Increase compliance, while reducing the cost and time spent by insurance businesses to comply with regulatory programs

Objective:

1. Increase from 60% to 75% the percentage of market conduct examinations that are targeted toward specific issues

Why this objective is important

Targeting of market conduct examinations is more effective consumer protection because the department is directly addressing those companies that are likely to be dealing unfairly with consumers. It also allows the department to examine more companies each year that merit examinations. By targeting 75% of market conduct examinations each year and reducing the amount of time spent at each company, the department can examine more companies with existing resources. The department can also target exams to specific complaints or activities of each company and/or line of business within a company.

Strategies to meet the objective

- Develop criteria or “red flags” for selecting the companies for examination for cause
- Select companies and develop an examination schedule annually using established criteria
- Identify specific areas of need for target exams such as unfair trade or claim practices
- Continue participation in NAIC working groups on market conduct examinations and work to improve collaborative efforts among other states

Factors influencing the results

- Size of the company’s market share
- Number of areas of concern found during a prior examination
- Number of significant variations found through market analysis.

How the department is doing

In 2005, most market conduct examinations conducted were either required by statute or for causes related to indicators associated with market analysis. Over 60% of examinations concluded in 2005 were targeted. Missouri participates with most other states through the NAIC to conduct market analyses. This coordination helps the department identify carriers that may need a targeted examination. In addition to Missouri, 47 states have completed the recommended level one analysis of carriers. The department works closely with the NAIC's Market Analysis Working Group to identify "triggers" that indicate when it is appropriate for a carrier examination.

Key section

Market Conduct Section

Objectives

2. Decrease by 20% the amount of time that examiners are on-site at insurance companies
3. Decrease by 20% the amount of time it takes to conclude an examination after the examiner's report is submitted to the department

Why these objectives are important

In an effort to better utilize staff time and reduce travel expenses, the department is undertaking efforts to reduce the amount of time on-site at the companies. When companies are examined, staff must travel to and from the company's office where the records are located. Travel expenses are one of the department's largest costs. The companies being examined are billed for the cost of the exam, so there is benefit to the company as well as the department in making the best use of departmental resources.

Strategies for meeting the objectives

- Improve examiners' abilities to use automation technology
- Develop system for examiners to track their progress and reduce duplicative efforts
- Establish central database of legal opinions, department positions and interpretations for staff, so the department can respond consistently and appropriately
- Focus the scope of the examination so that examiners can schedule their on-site time more effectively
- Respond in a timely manner during the negotiation process to ensure exams are closed promptly

Factors influencing the measures and concerns

- Company cooperation in providing necessary data and company records
- Company cooperation during the negotiation process
- Staff vacancies

How the department is doing

In 2005, the department spent an average of 84 days on-site. By focusing the department's efforts to conduct more targeted examinations, the department's objective is to reduce the amount of time spent on-site by 20%.

Key section

Market Conduct Section

Objectives

4. Process 100% of Life and Health policy filings within 20 days
5. Process 100% of Property and Casualty policy filings within 20 days
6. Respond to 100% of HMO access plans within 30 days of receipt
7. Process 100% of licensing application documents within 5 business days
8. Return 100% of licensing phone calls within 24 hours

Why these objectives are important

The department is committed to streamlining all regulatory processes to assist the insurers in getting their products to consumers quickly. Insurance companies compete in a global market, and regulatory delays hinder insurance companies from being competitive.

Strategies to meet the objectives

- Continue to identify ways to improve sharing of information internally
- Establish a central database of legal opinions, department positions and interpretations for staff to use
- Keep processing checklists updated and use as a reference tool
- Develop and update procedure manuals to maintain consistent review procedures for analysts
- Track individual analyst turnaround times

Factors influencing the measures and concerns

- Volume of Application/Renewals
- Volume of Rollover Calls
- Data tracking limitations
- Frequency of complex filings
- Volume of policy filings

How the department is doing

Currently, the department is processing 100% of licensing applications and renewals within 5 business days with the aid of electronic processing of non-resident applications and renewals. All licensing-related calls are returned within 24 hours. The department is required to review most policy filings within 30 - 60 business days. The department is currently meeting or exceeding these requirements on all filings. The department's goal is to consistently review all policy filings within 20 days.

Key sections

- Investigations Section
- Licensing Section
- Life and Health Section
- Managed Care Section
- Property and Casualty Section

Outcome 2

Increase the use of electronic processing and storage of insurance information

Objectives

1. Increase from 99% to 100% the percentage of annual financial statements received electronically
2. Increase from 30% to 60% the percentage of admission filings received electronically
3. Increase from 0% to 10% the percentage of surplus lines tax reports submitted electronically
4. Increase from 35% to 45% the percentage of life and health filings received electronically
5. Increase from 45% to 60% the percentage of property and casualty filings received electronically
6. Increase to 75% the percentage of new license applications processed electronically
7. Increase from 25% to 50% of percentage of license renewals processed electronically
8. Integrate department databases so that data can be processed more quickly
9. Use NAIC systems such as SERFF or NIPR, or other vendor software to process and store insurance data filings

Why these objectives are important

Using electronic filings in regulatory processes will assist insurance companies and also ensure that the department is using resources in an efficient manner. Allowing companies and producers to electronically file annual financial statements, tax filings, admission applications and other filings will benefit companies that already have that capability and file electronically with the NAIC or other states. Electronic filings also maximize revenue by speeding up the time it takes to collect and deposit such revenue. Insurance producers often prefer to file their licensing applications through the NAIC, so they can file for several states at the same time. This will eliminate the need for companies or producers to send a paper copy to the department and will reduce the amount of paper the department uses.

Strategies to meet the objectives

- Develop and implement a system to accept electronic filings for surplus lines taxes
- Promote electronic filing needs and processes for admissions
- Promote system developed to accept applications for nonresident licensure electronically
- Research the potential of allowing electronic filing of premium taxes

- Develop process to use electronic filing of annual financial statements to eliminate paper filings
- Publicize availability of electronic filing capabilities and checklist for companies

Factors influencing the results

- Budgetary constraints
- Statutory constraints
- Data security

How the department is doing

Currently, the department processes electronic non-resident applications and renewals for producers. It is anticipated that by 2006, the department will begin processing resident applications and renewals and address changes electronically. In 2005, the department received approximately 45% of property and casualty filings electronically and 35% of life and health filings electronically. Of all the financial statements that the department receives, 99% of are filed electronically, 30% of admission filings are received electronically and no surplus lines tax reports are submitted electronically.

Key sections

Admissions Section
Financial Analysis Section
Licensing Section
Life and Health Section
Managed Care Section
Premium Tax Section
Property and Casualty Section
Surplus Lines Section

Promote

Promote the public interest by collecting revenue due the state, spending dollars efficiently and effectively and making insurance information more accessible to both consumers and the insurance industry

Outcome 1

Ensure that fees and premium taxes due the state are collected

Objectives

1. Decrease from 39% to 35% the percentage of companies receiving premium tax adjustment notices after initial filing of the premium tax return
2. Increase the collection of unreported taxes through efficiencies gained in the reporting and processing of tax information
3. Continue to deposit 100% of all checks within 24 hours of receipt
4. Process 100% of all invoices through the Centralized Invoicing System (MIDIS) by the end of calendar year 2007

Why these objectives are important

Revenues received and deposited timely maximize total revenue by increasing the interest received on invested funds.

Strategies to meet the objectives

- Continue to include the premium tax check-off sheet in the annual premium tax returns filed by casualty, life and mutual insurance companies
- Analyze the frequently asked questions on the department's Web site and enhance the site based upon the findings of the most frequent mistakes made on the prior year premium tax returns
- Investigate the possibility of simplifying the workers compensation tax and deductible option surcharge to reflect current premium written and audit premium at the current rate to simplify tax returns
- Consider electronic alternatives to filing interim and annual reports
- Survey other states regarding surplus lines filings
- Consider changes to filing requirements for surplus lines
- Utilize NAIC data to better identify unpaid taxes
- Obtain from ineligible carriers a detailed listing of procurements for taxation of unreported items
- Include check-off sheets for use by industry in premium tax filings

- Develop and update frequently ask questions and responses for industry use on tax filings

Factors influencing the results

- Number of checks received
- Staff vacancies
- Reliability of systems

How the department is doing

The development of a new cash receipt system promotes efficiency in check processing. A departmental central invoicing system is being developed and three applications have been implemented in various sections of the department. Checks that are accurate are deposited within 24 hours of receipt. Currently, only 39% of companies receive adjustment notices after initial filing of their premium tax returns.

Key sections

Premium Tax Section
Support Services Section
Surplus Lines Section

Outcome 2

Decrease the amount of dollars spent by the department through effective and efficient operations

Objectives

1. Reduce publication and printing costs by 25% by the end of calendar year 2007
2. Continue to process 100% of vendor payment requests within 10 business days

Why these objectives are important

Operating efficiencies require the review of costs to find ways to reduce costs. They also require vendor payments to be completed in a timely manner.

Strategies to meet the objectives

- Maximize personnel productivity through cross training of employees for multiple jobs

- Continuously evaluate the format, lay-out and content of print publications for the best information to present, and the best way to present it
- Review programs, services and processes to eliminate those that are ineffective, increase the efficiency of all through simplification and automation, and eliminate waste, fraud, and abuse
- Contract out where feasible functions that can be accomplished less expensively by the private sector
- Lengthen state government service hours through such cost-neutral initiatives such as staggering employee hours and instituting flex-time scheduling

Factors influencing the results

- Cost of more efficient operations
- Staff vacancies
- Reliability of systems

How the department is doing

Average processing time for payment requests remains at 10 business days. The department reduced the number of printed documents in 2005 by placing many publications on the department's Web site.

Key Program

Director's Office
Consumer Services Section
Support Services Section

Outcome 3

Make department information more accessible to both consumers and the insurance industry

Objectives

1. Continue to promote the department's educational initiatives
2. Increase the number of educational speaking engagements and conferences the department attends
3. Continue to expand the amount of information available on the department's Web site

Why these Objectives are Important

The department believes that consumers that are informed will make better choices regarding their insurance needs. Consumers that have spent time gathering information about insurers and insurance products are also less prone to falling victim to scams. An integral part of this education process is making information available to consumers on a timely and easily-accessible basis.

Strategies to meet the Objectives

- Monitor the number of hits to the department's Web site
- Use technology effectively, placing all citizen services on the Internet, and making every state manager accessible via e-mail
- Continue to work with other agencies and private entities to improve the department's educational initiatives

Factors Influencing the Results

- Cost of creating different forms of communication/education
- Responsiveness of other agencies and private entities
- Number of individuals accessing the department's Web site and other resources

How the department is doing

Over 36,000 people have visited the department's educational Web pages this year. The department is working to reorganize/redesign several portions of the site to make information more accessible. The department is currently working with the Missouri Insurance Education Foundation and the Missouri Council on Economic Education to increase insurance education throughout the state. Several steps have also been taken to reduce the number of print brochures by making them available on our Web site.

Key Program

Consumer Services Section
Director's Office



P.O. Box 690
Jefferson City, MO 65102
1-800-726-7390
<http://www.insurance.mo.gov>